



NETFLIX- Loyal Customer Base  
Nirmala Devi Jeyakumar,  
Department of Technology Management,  
School of Engineering, University of Bridgeport, CT

Netflix-Leading Internet Television



Netflix is one of the world's leading internet television network with more than 40 million members in 40 countries enjoying more than one billion hours of TV shows and movies per month.

Reed Hastings and Marc Randolph founded Netflix as a DVD rental-by-mail company in 1997 and since led its transformation to become the world's leading streaming subscription service for watching movies and television programs.



In addition to being CEO of Netflix, Reed is a member of the board of directors of Facebook, as well as several educational non-profits.

Research Method



- Review-centric & Case-Study research
- For over ten years Netflix has offered an affordable solution to DVD rentals and has achieved a strong loyal customer base. A review centric approach on internet streaming media and a case study approach on Netflix category leadership formed the base of this business model.
- In the first quarter of 2009, Netflix has formed various agreements and partnerships with companies to broaden the services it offers(Gaines)
  - Companies like Netflix are offering a large selection of movies at a low price(Smith, 2008)
  - Netflix will be able to differentiate itself from its competitors, and reduce the possibility of hurting its brand name due to any potential shortcomings with their new service(Mattingly, 2007)
  - In 2005,market research firm Foresee ranked Netflix #1 in customer satisfaction among all Internet retailers(Advant, 2009)

Loyal Customer Base Business Model



NETFLIX is known for loyalty from its ever-growing customer base. In 2013, it even beat out reigning champion Apple, among 528 other brands, in Brand Keys' annual survey of customer loyalty.

F1:Partnership



Netflix forms partnership with other successful companies like Apple, Walt Disney TV studios, YouTube, X-box. Thus by forming alliances with them it gets promoted easily. It is planning further to form alliances with more other Internet

F2:Low Price



For one low monthly price, Netflix members can watch as much as they want, anytime, anywhere, on nearly any Internet-connected screen. The main advantage over other companies is that no pay-per view, no deadline rule, no late fees. These offer a low price point view for the customers.

F4:Value Proposition

Netflix offers it customers various services like

- ✓ Instant Viewing
- ✓ Queue
- ✓ Browse
- ✓ Movie Recommendations
- ✓ Ubiquitous Experience
- ✓ Add-free



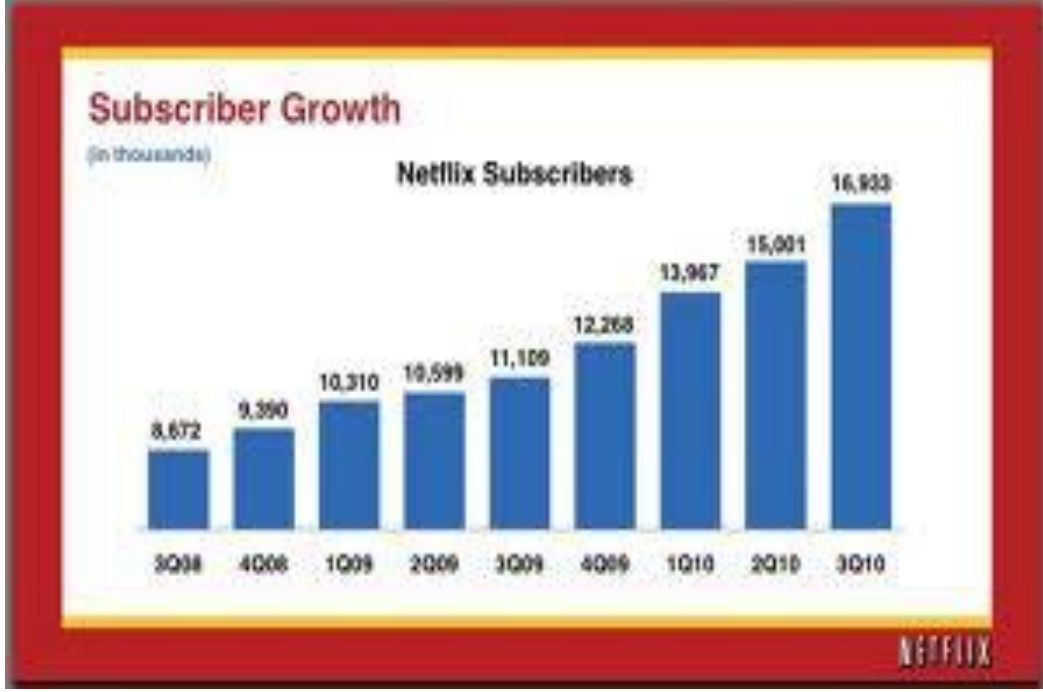
F5:Customer Relationship



The company delivers solid customer service to its subscribers with convenience and easy account management.

It offers free trial offers , sign-up deals and improved self and automated service for customers and the problems are monitored by a separate management for 24/7.

Importance of Loyal Customer Base Business Model



Netflix's NFLX second-quarter profit crept up 4%, beating analyst expectations as the online DVD rental leader signed up 168,000 new customers while spending less money to attract them to the service. Netflix shares were up 73 cents, or 2.7%, to \$27.45 at midday trading.

Conclusion

Thus upon reviewing different articles on marketing strategies and innovation methods on Netflix the Loyal Customer Base business model has been built. Netflix expands its subscriber base by five marketing strategy factors namely Partnership, Low Price, Differentiation, Value proposition, Customer Relationship. With the proposed model studies can be done on ways to improve the factors and can be used at its best level

References

- Smith, A. D. (2008). E-movie industry and its roles on traditional movie entertainment modes. *International Journal of Business Innovation and Research*, 2(3), 223-240.
- Advant, A. (2009). Strategic Positioning and Resource-Based Thinking: Cutting Through the Haze of Punditry. *Emergent Strategies for E-Business Processes, Services, and Implications: Advancing Corporate*.

F3:Brand Differentiation



- A few data points from the new Netflix ISP Speed Index, reflecting data for February:
- At 3.35Mbps, Google Fiber in the U.S. provides the highest average Netflix streaming bitrate anywhere Netflix is available
- After Google Fiber, Sweden's Ownit delivers the highest average Netflix bitrate at 2.99 Mbps
- Netflix members in Finland receive, on average, the highest bitrates, while members in Mexico have the slowest connections, on average
- Scandinavia proves its reputation as a great broadband region, all ISPs in Denmark, Sweden and Finland delivered averages above 2Mbps

Service Providers, Movie companies and TV Studios. A partnership with cable providers, along with an ambitious slate of original series, would put Netflix one step closer to competing with premium cable channels, like HBO, Showtime and Starz, that offer original series and movies for a monthly fee.

This partnership with many leading companies offers Netflix with popular mediums of customer reach like Xbox, internet and mobile applications. In the future it can form alliances with schools and educational institutions to promote educational contents. Partnership with movie companies inspired Netflix to produce its own television series House of Cards which was very successful and generated a unique position for Netflix. Netflix original production The Square was nominated for Academy Awards.

